GOVERNMENT OF INDIA
AGRO AND RURAL INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:323
ANSWERED ON:02.03.2005
PROMOTION OF COTTAGE INDUSTRIES IN RURAL AREAS
Jogi Shri Ajit

Will the Minister of AGRO AND RURAL INDUSTRIES be pleased to state:

(a): whether the Khadi and Village Industries Commission encourages the people to set up cottage industries in rural areas;

(b): if so, the details thereof;

(c): the State-wise number of the cottage industries set up through the incentive given by the commission by the end of the year 2004;

(d): the State-wise number of persons who have been provided employment in these units;

(e): the State-wise number of sick cottage industries; and

(f): the action taken by the Government to revive such units during the year 2003-04 and 2004-05?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): To promote village industries, including cottage industries, in rural areas, the Government is implementing the Rural Employment Generation Programme (REGP) through the Khadi and Village Industries Commission (KVIC) throughout the country. Under this programme, an entrepreneur can establish a self-employment project with maximum cost of Rs. 25 lakh, by availing of margin money assistance from the KVIC and loan from public sector scheduled commercial banks, selected regional rural banks, cooperative banks etc. The pattern of margin money assistance is given in the table below:

Margin Money Assistance under REGP

Sl.No.	Category of Beneficiary	Project Cost	Margin Money Assistance
1	General	Upto Rs. 10lakh	25 per cent of project cost
		Above Rs. 10 lakh and upto Rs. 25 lakh	Rs. 2.5 lakh plus 10 per cent of balance project cost
2	SC/ST/Women/Ex-servicemen/ NE Region/Hill Areas	Upto Rs. 10lakh	30 per cent of project cost
		Above Rs. 10 lakh and upto Rs. 25 lakh	Rs. 3 lakh plus 10 per cent of balance project cost

Note: SC/ST = Scheduled Caste/Scheduled Tribe;
NE = North Eastern

(c)&(d): Since its commencement on 01 April, 1995, 1,86,252 projects have been financed under the REGP, generating 22.75 lakh additional employment till 31 March, 2004.

The State-wise details of projects set up and employment provided under the REGP are given in the Annexure enclosed.

(e): State-wise details of sick cottage industry units are not maintained centrally.

(f): As per the RBI guidelines, small scale industries, including cottage industries, which were set up with bank credit and have subsequently become sick, are eligible for rehabilitation assistance available to sick units. These measures include, inter alia:

(i) waiver of penal interest on cash credit and term loan from the year the unit started making cash losses;

(ii) unpaid interest on cash credit and term loan being segregated from the total liability and the former amount treated as a separate interest-free loan;

(iii) reduced rate of interest (reduction of upto 3 per cent for tiny units and of upto 2 per cent for SSI units) to be charged on unpaid term loans; and

(iv) additional working capital loan at a rate of interest not exceeding the prime lending rate.

ANNEXURE

Annexure referred to in reply to parts (c) & (d) of the Lok Sabha Un starred Question No. 323 for answer on 02.03.2005.

State-wise Details of Projects Established and Employment Generated under REGP since its commencement and up to 31.03.2004

S.No	States/UTs	Projects set up (number)	Employment generated (number of persons)
1.	Andhra Pradesh	12870	202358
2.	Arunachal Pradesh	379	5117
3.	Assam	2207	30619
4.	Bihar	846	10715
5.	Goa	2301	20514
6.	Gujarat	1098	8067
7	Haryana	5109	103340
8.	Himachal Pradesh	1905	45000
9.	Jammu & Kashmir	6634	50156
10.	Karanataka	13159	156552
11.	Kerala	8427	134500
12.	Madhya Pradesh	18523	177652
13.	Maharash tra	19911	185694
14.	Manipur	738	14442
15.	Meghalaya	3147	25017
16.	Mizoram	908	13520
17.	Nagaland	4790	89863
18.	Orissa	3166	30558
19.	Punjab	9603	116988
20.	Rajasthan	25897	275209
21.	Sikkim	147	2285
22.	Tamil Nadu	5816	67280
23.	Tripura	433	11173
24.	Uttar Pradesh	15515	267971
25.	West Bengal	17223	133897
26.	Andaman & Nicobar	416	2625
27.	Chandigarh	148	1107
28.	Dadra Nagar & Haveli	15	303
39.	Delhi	219	4537
30.	Lakshdweep	10	173
31.	Pondicherry	949	11975
32.	Chhatisgarh	1131	31989
33.	Jharkhand	818	14711
34.	U ttaranchal	1794	29303

Total: 186252 2275210